



## City of Hampton, VA Meeting Minutes City Council

22 Lincoln Street  
Hampton, VA 23669  
[www.hampton.gov](http://www.hampton.gov)

*Ross A. Kearney, II*  
*Will Moffett*  
*Joseph H. Spencer, II*  
*Molly Joseph Ward, Mayor*

*Christopher G. Stuart*  
*Donnie R. Tuck*  
*George E. Wallace*

*Staff:*  
*Mary Bunting, City Manager*  
*Cynthia Hudson, City Attorney*  
*Katherine K. Glass, CMC, Clerk of Council*

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Wednesday, April 25, 2012	6:59 PM	Council Chambers, 8th Floor, City Hall
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### CALL TO ORDER/ROLL CALL

### VICE MAYOR WALLACE PRESIDED

**PRESENT:** Ross A. Kearney, II, Will Moffett, Joseph H. Spencer, II, Christopher G. Stuart, Donnie R. Tuck

**ABSENT:** Molly Joseph Ward

**INVOCATION** – Ross A. Kearney, II

### PLEDGE OF ALLEGIANCE

Vice Mayor Wallace welcomed everyone to the Special Budget Evening Session and then gave an overview of the budget process. Tonight is the first Public Hearing on the budget. As is the custom, Council will hear from all speakers and reserve any comment until May 2, 2012 when the second afternoon work session and evening Public Hearings are held. This allows Council time to reflect and receive all citizen input. The City Manager and staff will follow up with any citizen who asks questions or desires additional information. On May 2, 2012 Council will again receive public input after which Council will adopt the Manager's Recommended Budget on first reading without modifications. All changes are made at the third meeting on the budget which will be held May 9, 2012. This process gives Council ample time to hear all concerns from citizens and appropriately reflect on that input. Council receives input on the budget via email, telephone calls and other methodologies. In addition, the City Manager and staff have forwarded summaries of all budget chats that were held in the community. We welcome the input and will receive these from any source. Council looks forward to hearing from our speakers tonight.

Clerk of Council Ms. Katherine Glass read the protocol for the Public Hearing portion of the meeting.

**AGENDA****Public Hearing - 2012-2013 Consolidated Annual Action Plan**

1. 12-0140 Public hearing to obtain the views of citizens and review the 2012-2013 Consolidated Annual Action Plan, which includes the fiscal year 2012-2013 Community Development Block Grant (CDBG) and HOME Investment partnership (HOME) program budgets.

City Manager Mary Bunting introduced Neighborhood Grants Clerk Ms. Amanda Olwig to give a presentation as required by Federal guidelines. She noted Neighborhood Services Manager Ms. Angelique Shenk was also present.

Ms. Olwig greeted the members of Council, Ms. Bunting and Ms. Hudson and briefed them on the 2012-2013 Consolidated Annual Action Plan for housing community development which also includes Community Development Block Grant (CDBG) and HOME investment partnership budgets. She stated that they have not received official notice of the FY13 allocation from the U.S. Department of Housing Urban Development (HUD), but the City is an entitlement community which means we will receive an allocation of CDBG and HOME funds provided we continue to meet our grant requirements. We have received guidance from our HUD representatives to move forward with our budget process using our current year's allocation for planning purposes. When HUD reviews our plan, they are evaluating the activities we propose regarding eligibility consistency with the consolidated plan. They are comfortable with us submitting the plan and making adjustments to the budgeted amounts once the final allocations are announced. We have a plan to address reductions in the grant amounts; and, those programs are highlighted in the presentation.

A copy of the presentation is attached to the minutes.

Ms. Olwig reviewed slide two of the presentation regarding the CDBG and noted that for our area the Federal government defines a family of four who qualifies as low to moderate income as making no more than \$56,700.

Ms. Olwig elaborated on the HOME Investment Partnership Program on slide three of the presentation. Its objective is to provide decent, safe and sanitary, affordable housing. The City must provide a 25% local match to the HOME program in order to receive Home Funds. The Housing and Neighborhood Services Division have never had to ask the City for the match and have generated the match through the activities we funded. This program also requires that each locality set aside 15% of the grant amount to support activities for special non-profits called Community Housing Development Organizations (CHDO's).

Ms. Olwig elaborated on the 2011-2015 Consolidated Plan. In addition to meeting the program's regulations, activities funded must also be consistent with the City's five year Consolidated Plan for Housing Community Development. The City's 2011-2015 Consolidated Plan highlights our priorities and strategies and was adopted by City Council in May of 2010. Priority needs are listed on slide four of the presentation. The housing needs identified by the Plan focus on identifying the quality and condition of the existing housing stock through redevelopment, preserving and expanding homeownership opportunities for low and moderate income, furthering fair housing by

educating citizens of their rights with regards to fair housing and preserving and revitalizing our existing neighborhoods.

Ms. Olwig said FY13 allocations have not been received; therefore, FY12 allocations were used for planning purposes as reflected on slide six of the presentation. Slide seven of the presentation lists the total resources we hope to have available for activities next year. She explained program income is income generated from the use of funds. For example, if we sell property purchased with CDBG funds, the proceeds are returned to the program as program income. The CDBG Revolving Loan Fund is a separate self-sustaining account established several years ago from which we make loans, and as they are repaid, the funds are deposited back into the account. Overall, we have approximately \$1.9 million to support activities next year.

Ms. Olwig addressed activities proposed under the CDBG program reflected on slide 9 of the presentation. (1.) the acquisition of vacant lots and properties with blighted structures to support home ownership activities and neighborhood revitalization plans. The amount includes the estimated program income at \$50,000. This is one of the activities that could be reduced if our grant amount is reduced. She noted the information in the parenthesis next to each activity is the organization that requested the funding in that category. In this case, it is the Hampton Redevelopment and Housing Authority (HRHA). (2.) disposition. This is the maintenance of CDBG acquired property including lawn mowing and upkeep until the property is sold and some of our legal disposition costs (3.) housing programs include the wheelchair ramp exterior improvement program, emergency repair grant and weatherization and energy efficiency program. (4.) housing services. The City contracts with HRHA to administer CDBG and HOME funded housing programs. This activity covers direct program administration costs. (5.) the Phoebus Improvement League. The administrative costs to support economic development in the Phoebus area. (6.) funds to support the Neighborhood Center programs at Newtown Learning Center and the Y.H. Thomas Community Center. This is subject to a 15% public services cap and will also be adjusted accordingly when we receive our FY13 allocations. (7.) planning and Grant Administration. This is capped at 20% and will also be adjusted when we receive our grant amount. This funds the Grant Administration such as planning, advertising and some staff in the Housing and Neighborhoods Services Division. (8.) demolition. This is administered by the Property Maintenance Division of the Community Development Department for the demolition of blighted property. (9.) contingency. These are set aside funds to cover any cost overruns and CDBG funded activities. (10.) CDBG Revolving Loan Fund. This is a separate self-sustaining account. The activity that is proposed is a 3% loan program which provides up to \$25,000 to low/moderate income Hampton homeowners to rehabilitate their homes.

Ms. Olwig elaborated on the proposed HOME funded activities listed on slide 13 of the presentation. She reminded Council that The Housing and Neighborhood Services Division contract out with the Housing Authority to administer the entire HOME program. Activities include Homeowner Rehabilitation, Homebuyer Assistance, Acquisition and Rehabilitation and New Housing Construction. The Homeowner Rehabilitation Program provides deferred loans of up to \$25,000 to Hampton homeowners' to rehabilitate their principal residences. The Homebuyer Assistance Program provides up to \$20,000 in down payment and closing cost assistance to homebuyers purchasing new construction and rehabilitated homes from the housing authority or a Hampton CHDO. The Acquisition and Rehabilitation Program are funds to purchase and rehabilitate property

for resale to low to moderate income homebuyers. The New Construction and Rehabilitation Program provides a development subsidy to increase the quality of housing construction and rehabilitation by the Housing Authority. Fifteen percent is required to be set aside for Hampton CHDO's which will be adjusted when we receive our FY13 allocations. Administration has a 10% cap which will also be adjusted when we receive our grant amount. This covers things such as lead based paint and termite inspections.

Ms. Olwig elaborated on the Action Plan Schedule listed on slide 14 of the presentation. We were required to have the plan available for 30 days of public comment before any action can be taken on the Plan. The Plan has been available for public review since March 26, 2012 at all Hampton Public Libraries, the Community Development Department and the City's website. Tonight is for Public Hearing only and the last day of the Public Comment Period. Any citizen comments received during this period and tonight will be incorporated into the final document and submitted to HUD. Council will be asked to adopt the plan at the May 2nd meeting. Once approved, the Plan will be finalized and forwarded to the Department of Housing and Urban Development for their approval.

Councilman Tuck commented that he had requested information in November regarding the CDBG and HOME Programs. There are two programs; one allows up to \$50,000 assisting homeowners in Hampton Housing Venture Neighborhoods and a \$25,000 maximum in other neighborhoods. He asked why there is a distinction between neighborhoods. Ms. Olwig replied Hampton Housing Venture Neighborhoods are areas where we are considering rehabilitating the most such as in Master Plan areas.

Councilman Tuck said in FY11, there was no help provided to people in either neighborhood. The numbers for the HOME Grant Program are decreasing roughly \$207,000 in FY10, \$167,000 in FY11, \$112,000 in FY12 and \$100,000 in FY13. He expressed concern because some people's needs are above \$25,000, but they are not receiving assistance. He added the department is receiving money and making distinctions between who gets what, but are not assisting either group.

In response to Ms. Olwig, Councilman Tuck clarified his question. The number for homeowner rehabilitation is sliding; however, the amount of people being helped and the amount of money being utilized or set aside is decreasing. For example, people in the \$25,000 areas need above \$25,000, so they are not receiving assistance. Figures show that there are some homes that need as much as \$44,000, but because they were in the \$25,000 neighborhood, they didn't receive any assistance at all. He explained his concern is that the money for the people who need help is decreasing and at the same time, no one is being helped.

Vice Mayor Wallace noted there is a significant amount of material required to address Councilman Tuck's concerns. Council will not take action until May 12, and therefore, he believes it is appropriate to take under advisement any questions, concerns and comments of individuals that will speak on issues associated with the budget and then report on how we will do this at a later date. He asked Councilman Tuck to allow this option or the presenter could try to respond to the best of her ability if he required a response tonight.

Councilman Moffett noted an HRHA representative is present and this is important enough for Council and the public to receive clarification. He added having served on the HRHA and the Neighborhood Commission, he is aware that there are regulatory requirements and the two venture neighborhoods – they were trying to build some critical mass with the funding.

Vice Mayor Wallace stated he will allow Councilman Moffett's request; however, noted people may not definitively understand the questions and/or answers.

Councilman Stuart requested Council receive a brief summary on the subject so that Council may move in the appropriate direction.

HRHA Community Development Director Mr. Aaron Carter concurred with Vice Mayor Wallace and Councilman Moffett and noted HRHA is open to reviewing its programs and policies with Council. He clarified HRHA allows \$50,000 in three Hampton Housing Venture (HHV) areas under the HOME Program (Sussex, Pasture Point and Old Hampton) and we market intensively in those areas. Unfortunately, we have not been able to help some in that area during the last program year. Our limit for other areas is \$25,000. We want to help as many people as possible and stretch the dollars as much as possible. Last year, under the HOME rehab program, we helped seven families under the \$25,000 range. There may be other programs to help anyone above that amount who are not in the HHV areas. He reiterated the limit for those not in the HHV area is \$25,000.

Ms. Bunting explained the challenge with some of the examples where people needed more money was the amount of money they needed exceeded the ratio under the Federal government for lending versus value of home. If the value of a home is a certain amount, there is a ratio of grants to the value of home that we are legally allowed to give. However, sometimes families need more than what the Federal regulations permit us to give because of the benefit cost analysis.

At Ms. Bunting's request, Mr. Carter elaborated on the fact that these are Federal regulations versus locally imposed regulations. Our funding comes from the U.S. Department of Housing and Urban Development (HUD) to the City, and HRHA administers the programs; therefore, these are HUD regulations we follow. Mr. Carter recommended Councilmembers meet with him to discuss this in detail since this is a complex topic regarding the programmatic policy issues. He concurred with Ms. Bunting and explained there are regulations from HUD that HRHA is required to abide by.

Councilman Tuck said a presentation was given shortly after he came on Council and he has asked questions about it periodically. He has a print out from Housing and Neighborhood Services Manager Ms. Angelique Shenk, showing in FY10 there is a house in need of \$34,810 worth of repairs, another house - \$35,500. You have two different areas: one is \$50,000 and you are saying those houses have a higher value in that area that might need these funds?

Mr. Carter replied we are giving homeowners in the HHV areas an opportunity to access additional funds. These areas were City Council approved areas where we would dedicate a good amount of those dollars to revitalize those areas in older parts of the community.

Councilman Tuck asked if that means the policy regarding who gets \$50,000 versus \$25,000 is a Council policy and not a HUD policy.

Ms. Bunting clarified whatever amount we lend for repairs cannot exceed a certain value of the house. For example, if there is a \$50,000 limit, you may not be able to get the full \$50,000 because of the amount of repairs needed compared to the base house value.

Councilman Tuck apologized for having this conversation during a Council meeting; however, he has tried to have it outside of Council meetings, but Council would not take it up. He expressed concern for people who call him stating they need specific upgrades to their homes. For example, they may need a new heating system or bathroom modifications for someone who is handicapped. He explained he is also concerned because we require homes to have certain things which cost more than the \$25,000, so they do not receive any assistance at all. Perhaps in FY12, someone was helped, but the old report shows in FY12 even people in the HHV area did not receive assistance in FY11. He asked if money is set aside and people in the \$50,000 area are not using it, why can't people in the \$25,000 area be helped in order to stay in their home.

Mr. Carter noted there is a variety of programs HRHA runs in addition to the HOME programs such as CDBG programs that help individuals in HHV areas. He noted Councilman Tuck may be looking at the HOME Program; however, people may have been helped under other programs as well.

Ms. Shenk commented that the HHV neighborhoods are neighborhoods that were targeting our City reinvestments and were approved by City Council. She explained we agreed to create special incentives and expand existing programs specifically for those neighborhoods because Council approved them as special reinvestment areas. Councilman Tuck was correct regarding the portion of the report showing we haven't had many people from HHV take advantage of the program that is up to \$50,000 to rehab their home, and we have had more success in our HHV neighborhoods with our smaller grant programs such as curb appeal matching grants. However, we do have the \$25,000 program limit under the Home Investment Partnership Program which can exclude some people if they need more extensive repairs to their home. We have limited resources, therefore, whenever we go beyond the \$25,000 threshold, we have to address the lead based paint in the home. We have done work in the HHV neighborhoods that we know we can address such as lead based paint issues, plus get significant improvements to the home. We are willing to meet with Council to discuss program modifications. HRHA's Board set some of those policies such as the program limits of the \$25,000 and \$50,000, but other requirements are triggered when certain thresholds are exceeded. The more we give the less people we will be able to assist. She noted there were HRHA Board members present who would be happy to meet with the members of Council for discussion.

The Vice Mayor asked if there were additional comments and questions from the audience.

Mr. Hugh Bassette, 117 Rip Rap Road, spoke on behalf of the Old Northampton Community Organization and made the following statement: We want to get on the record that we object to the fact that our neighborhood is limited to \$25,000 where other neighborhoods are getting \$50,000. I don't know how you can come up with that and come to the conclusion that that is fair. We just want to put that on the record. There is

a long list of things where money goes to certain neighborhoods and other neighborhoods get completely shut out. Thank you.

Councilman Moffett commented that he lives in the Old Northampton Community and over the years, that community has been the beneficiary of approximately over \$3 million in Community Block Grant money.

Vice Mayor Wallace added there was also a \$600,000 road curb and gutter program that was recently completed in Old Northampton; therefore, for the record, they are not void of funds. He then closed the Public Hearing.

PRESENTED by Amanda Olwig, Neighborhood Grant Clerk.  
Aaron Carter of the Hampton Redevelopment and Housing Authority provided additional information and offered to have representatives meet with any members of City Council for a thorough response to any questions. The City Manager and Angelique Shenk, Senior Neighborhood Development Specialist, also provided information.

HELD PUBLIC HEARING - Hugh Bassette spoke on behalf of the Old Northampton neighborhood.

#### **Public Hearing - Fiscal Year 2013 Budget**

2. 12-0150 Public Hearing to Receive Citizens' Comments Relative to the:

Fiscal Year 2013 General Fund  
Capital Improvement Fund  
Solid Waste Management Fund  
Stormwater Management Fund  
Wastewater Management Fund  
The Hamptons Golf Course budget  
Economic Development Fund  
Hampton Roads Convention Center budget  
Proposed Real Estate Property Tax rate of \$1.04 per \$100 of Assessed Value  
Proposed Personal Property Tax Rate  
Fiscal Year 2013 Proposed Cigarette Tax Rate Increase, and  
Proposed Meals Tax Increase.

Ms. Bunting introduced the item. City staff made a presentation this afternoon which will be replayed on Channel 47 for citizens who did not have the opportunity to hear our explanation of the budget. She noted meetings are also streamed on the internet. She introduced School Board Chairman Fred Brewer to make a presentation regarding the School's budget.

Chairman Brewer greeted Vice Mayor Wallace, the Councilmembers, Ms. Bunting and Ms. Hudson and recognized several School Board members in attendance.

Mr. Brewer briefed Council on the School Board's Operating Budget. A copy of the presentation is attached to the minutes.

Mr. Brewer elaborated on the position decision process model on slide 13 of the presentation. He explained the red circle in the center of the model represents the fact that they have made every reasonable effort to protect the classroom and teachers. He stated they will look in other areas first in order to do as little harm as possible to the center circle which represents children and their classrooms.

Mr. Brewer noted the School Division does use staffing formulas based on standards of quality set by the State Department of Education (DOE) as well as industry standards in some other areas. The staffing formulas are shown on slides 17 through 19 of the presentation. He added between FY09-FY12, using the decision making model, the Board has made position cuts in the areas listed on slide 20.

Mr. Brewer reviewed things which are included in the School Division's FY13 Budget listed on slides 21 and 22 of the presentation.

Mr. Brewer reviewed things which are not included in the School Division's FY13 Budget listed on slide 23 of the presentation. He noted the closing of Merrimack Elementary School has nothing to do with the performance of its staff or students; instead, it is a budget decision which will save the School Division approximately \$900,000 in operating costs. He further noted that no funding of capital replacement plans refers to additional school buses and technology.

Mr. Brewer reviewed slide 25 of the presentation which showed the School Board adopted its FY13 recommended Budget as \$191,192,442 on March 28, 2012. However, the budget was adopted with the understanding that the General Assembly had not completed its work on the State level. Since the budget was unanimously passed, we have learned we will receive an additional revenue amount of \$1,896,967. Some of these funds are restricted in areas listed on slide 26; however, there is some flexibility with the remaining \$1.291 million to be used in conjunction with retirement inflation and pre-school costs.

Mr. Brewer continued his presentation by stating while the Board adopted a budget with an additional local funding request of \$2.3 million on March 28th, we have consensus among School Board Members to revise that request of the City to \$1 million. He then reviewed slides 27 and 28 listing areas of reduction prior to the FY13 budget reductions.

Mr. Brewer concluded his presentation by stating the Board wants Council and the community to know that Hampton City Schools are committed to protecting what is our core business of teaching and learning. He stated the School Board comes to Council this evening utilizing their option to request additional funding from the City to offset the reduction in the local contribution in the amount of \$1 million in additional funding.

Mr. Brewer thanked Council for the opportunity to present this information. He stated the Board appreciates the partnership it has with the City and community, and takes very seriously their mantra to do whatever it takes to provide a quality public education for every child every day.

Vice Mayor Wallace opened the Public Hearing on the FY13 Budget.

Mr. Steven Brown, 81 Michaels Woods Drive, greeted Vice Mayor Wallace, the members of Council, the City Manager and the City Attorney and made the following

statement: I have the honor of serving as Chair of the Hampton/Newport News Community Services Board (CSB). I am pleased to address you tonight regarding both the services we provide to residents of Hampton and to talk to you about an important budget item for this fiscal year. I am certain that you are familiar with the extensive programming of the Hampton/Newport News CSB for children, adolescents and adults dealing with mental illness, intellectual developmental disabilities and substance use disorders. As the essential provider of behavioral health and development of services for the City of Hampton, we provide special services that many localities in Virginia simply cannot provide for their citizens. The majority of these services do not require local tax dollars to deliver. Tonight, in addition to thanking each member of Council, City staff and the Manager's office for your continued support of the organization, I wish to present one additional idea for you to consider for the next fiscal year. The Manager is very familiar with this proposal, but we understand that because of extraordinarily tight budget restraints and predictions, you don't have the extra money to provide funds for new service at this time. Nevertheless, we believe that a very promising and valuable service is in need of additional support. Staff of the CSB has been working very collaboratively for the past two years with the judges from the Circuit, General District and Juvenile Domestic Relations Courts, staff of the Community Criminal Justice Board, Pretrial services, the Commonwealth's Attorney, the Veterans Administration Hospital and others to create an exciting and innovative service. We target adults with mental illness who have minor criminal charges. These are not violent criminals. We work as a team to engage these individuals in active treatment under the supervision of the appropriate judge. By use of this service, we get individuals into treatment, keep them out of jail and have had tremendous success with virtually eliminating repeat criminal offenses for those we enroll. Members of Council, this service appropriately replaces incarceration which oftentimes does not include treatment for mental illness. Why do this? It is a more efficient use of local tax dollars, it produces better outcome for our citizens and it is more humane. We encourage you to support a proposal that has the unanimous support of representatives of all three Hampton Courts and the other offices I've mentioned earlier. If you have questions about this proposal, our CSB Executive Director, Mr. Charles Hall, is present and will be happy to respond. Thank you for your continued support. I want to welcome Mr. Kearney back and I hope that your recovery is going well and that you are listening to Trudy. Good evening Ladies and Gentleman.

Mr. Alan Bourne, 22 Lynnhaven Drive, made the following statement: I was not born here, but I have been here for twenty years. If you ask me where I am from; I am from Hampton. I love Hampton. I heard Councilman Moffett say something that I think we all need to think about after hearing the criticisms in the last session. It's a lot easier to complain about people that are doing it than it is to come forward with solutions. I think we are very fortunate to have an incredible City Manager, City Attorney, Vice Mayor and Council. I applaud you for what you do. It must have been great to sit there in the early 2000's, but who wants that chair now? I'm glad you do. I'm here to talk about cigarette taxes. I don't smoke. I don't deal in cigarettes. It looks like a great new way to raise revenue. Some fool might even quit smoking because they don't want to pay a higher price for cigarettes. On the surface, it sounds good. I have friends that sell cigarettes, but I don't. I have friends that smoke, but I don't. We (Hampton) are already 70 cents higher than York County. When we raise the taxes even more on cigarettes, how many more people are going to buy cigarettes in York County? It gets worse. If someone stops in York County to get cigarettes, they are going to buy more than cigarettes in York County, aren't they? They are going to buy gas, a cup of coffee, a sandwich. It's all revenue going to York County. It gets worse. Most of the people selling cigarettes in

Hampton are local business people. Most of the people selling cigarettes in York County are similar, local business people. We are driving the cigarette business out of Hampton. We are driving a lot more business out of Hampton. We are driving the income out of Hampton. I don't think that is the right thing to do. I don't know if the appropriate person is Ms. Bunting or Ms. Hudson, but I think someone should approach Yorktown to say this is silly. The revenue they are making and taking away from us, they could increase taxes and make it a level playing field. It's government, not business. If we did that first, we would generate more revenue and then look at a cigarette tax increase next year. Thank you.

Ms. Morgan Lang, 500 E. Main Street Suite 700, Norfolk, Va., Executive Director of the Hampton Roads Sports Commission, made the following statement: The Hampton Roads Sports Commission (HRSC), a regional organization, is most known for the AAU Junior Olympic games that have been here four times since 1998. In the last 12 years, that event has generated \$168 million in economic impact to the region. In the last year, HRSC has undergone a re-design. We have new staff, mission and vision. We have also conducted a new five-year strategic plan. The plan is to be an active, engaged and regional economic driver. Starting this year, we have gone from one event every five years, the AAU Junior Olympic Games, to already for this year having five to six annual events. They may not be on the same scale, but our five-year strategic plan calls for one event like the AAU Junior Olympic Games every other year and five to six smaller annual events every year. As you can see, we have done \$168 million with five events in 12 years; imagine what we can do when we have them every other year. Our budget which is mostly put towards the creation and attracting of more sporting events is comprised of 15 cents per capita from each municipality in Hampton Roads. Hampton has been a part of that. Last year, you were not, so we are here today to ask that you consider coming back as a member so that we have the ability to move forward with this new strategic plan and bring in additional events to the region, more specifically enhancing the quality of life of residents here and ultimately bringing back more people for tourism and enhancing the economy in Hampton. In addition to the membership fee, the AAU Junior Olympic Games will return in 2015. Therefore, like in the past, each municipality contributes \$35,000 the two years prior to make up for the \$250,000 bid fee. In 2010, the AAU Junior Olympic Games generated \$41 million - \$43 million. Your \$70,000 investment (\$35,000 this year) has the return for the region of \$43 million. We greatly appreciate Council's support for the new plan of the HRSC. We appreciate the opportunity and the chance to make this difference and have this economic impact and be an economic driver for the region. I am happy to answer any questions between now and when the decision is made. Thank you for giving us the opportunity to have an impact on an annual basis. Thank you.

Councilman Tuck asked, regarding venues, how Hampton benefits from HRSC bringing the AAU Junior Olympics here (other than the Boo Williams Sports Complex).

Ms. Lang stated in past Olympics, we have used the Convention Center and the Hampton Coliseum. In addition, that generates more heads and beds. We are regional, so we also have swimming which takes place at Newport News. In 2010, we generated Hotel Room nights out of the pool because Hampton is so close.

Ms. Julia Templeman, 61 Linden Avenue, noted she and the next scheduled speaker, Ms. Sharmae Stringfield, would speak together.

Ms. Templeman: Good evening Vice Mayor Wallace, Mrs. Bunting, City Council members and guests. I am Julia Templeman, the Chair of the Hampton Youth Commission. Ms. Templeman then introduced Ms. Sharme Stringfield, the Vice Chair and continued with her statement. The Hampton Youth Commission is the City commission run by youth in order to give youth a voice to a wide variety of issues throughout the City.

Ms. Stringfield: Tonight, we, on behalf of the Hampton Youth Commission, and likewise, the youth of Hampton, have come to discuss the City Manager's Recommended Budget. First, we would like to thank you for having Budget Director Mrs. Gloria Washington meet with the Youth Commission about the budget a few weeks ago. It was a wonderful discussion and we really appreciate her willingness to meet with us. At this meeting, we presented our budget priorities. These priorities included the following reductions: decreasing 311 call center hours on weekends and evenings, the hours at the Hampton Teen Center, and the hours of operation at Sandy Bottom Nature Center. On the other hand, the Commission's priorities for maintaining level funding included maintaining school crossing guards, particularly elementary schools, lifeguards at the beaches and most importantly, youth civic engagement. We were very pleased to discover that in large part the City Manager's recommendations are in line with the Commissions' priorities for the youth of Hampton. We did, however, have two concerns that will have a direct impact on youth. The first of these is the reduction in hours at the public libraries. While we know that some cuts in hours and services are necessary, we also recognize that peak homework and research time for youth is often on Saturdays. Therefore, the change in hours from opening at 9 a.m. at the Main Library and 10 a.m. at the branches to 1 p.m. could have a devastating impact on youth who do not have computer access at home and use the library as an extension of their school resources.

Ms. Templeman: Our second concern may only need further clarification and is in regards to youth civic engagement. After reviewing the recommended budget, we were not able to locate the funding in the Youth, Education and Family Services budget, nor could we find the funding in other related areas. As one of our main priorities, we are interested to hear how the City will continue its investment in the future. While we know that there are many items that are embedded in the budget that we are not readily able to see, we are seeking more information and assurance on the funding and plans for the youth civic engagement agenda in the upcoming fiscal year. In recent years, youth civic engagement has endured significant cuts that have had a huge impact on operations and effectiveness. Some of the most noteworthy cuts have affected our staffing and philanthropy to youth-serving organizations. The City of Hampton has a long history of civic engagement and in particular youth civic engagement that has been recognized throughout the country. As you might recall, we had a site visit for the Reinhard Mohn Prize. This German delegation was recognizing Hampton for its deliberative governance efforts in youth leadership. Both Sharmae and I were on the commission at that time. We hope in the coming days that you will continue to support the future of Hampton. As Youth Commissioners, we represent a population of the City that does not really have a way to express its voice, something that we take very seriously. We need you to help us make sure that we can remain an important voice for the youth. Thank you.

Ms. Martha Mugler, 11 Oakville Road, made the following statement: Good evening Vice Mayor Wallace, City Manager Bunting and distinguished Councilmembers. I am speaking tonight in support of the Hampton School Board Budget. Our request for level funding this year marks the first time our board has requested additional funding since

the institution of the funding formula in the 1990's. Our School Board approved budget submitted to Council at the beginning of this month is for a little over \$191 million. Chairman Brewer presented those details earlier and Council has a packet with the specifics. Our expectations for the performance in the School Division remain high. If our budget is not funded with the additional dollars needed to make our budget whole, we will be forced to eliminate categories ranging from group life insurance benefits, transportation, instructional leader supplements, cafeteria monitors, national board certified teacher supplements, contingency classroom teacher adjustments and 10% instructional supply funding. These largely impact employee income. These are nearly impossible decisions to make especially when keeping our mission and strategic goals in the forefront of our decision process. As elected representatives of this community, I and our School Board ask for full support, respect and trust in our efforts to determine needs of the School Division and we ask that you all place the needs of the schools in context with the needs of the City as a whole. Thank you so much.

Ms. Jennifer Phillips, 37 Shenandoah Road, greeted the Vice Mayor, the City Manager, the City Attorney and the members of Council and made the following statement: I am proud to say that I have been a member of the Hampton City School Board since July 2010. I am here tonight in support of the Hampton City Schools 2012-2013 adopted budget. We are asking City Council for level funding in order to fully fund our budget. Hampton City Schools has made tremendous cuts since 2009, and frankly, we are down to the bare bones. I'm a proud parent of three children in Hampton City Schools. Over the last ten years, since my oldest entered Kindergarten, I have watched as our staff has been asked to do more and more for less and less. We can no longer ask them to do this. Our children did not ask to come here. We invited them. It is our job to ensure that they receive all of the tools they need to succeed in life including love and security which begins at home and a good education which begins in our schools and that they are entitled to. They are our future. They are looking to us to stand up and advocate for them. As elected officials, that is our job. I and several other Board members attended a National School Board Association Conference over the weekend where we spent three days in classes learning much about our education system and had the opportunity to listen to several wonderful speakers. One of them was a gentleman named Jeffrey Canada, the CEO of the Harlem Children's Zone.

Ms. Phillips read the following poem written by Mr. Canada:

Maybe before we didn't know, that Corey is afraid to go.  
To school, the store, to rollerskate, he cries a lot for a boy of eight.  
But now we know each day it's true, that other girls and boys cry, too.  
They cry for us to lend a hand, time for us to take a stand.  
And little Maria's window screens, keeps out flies and other things.  
But she knows to duck her head, when she prays each night 'fore bed.  
Because in the window comes some things that shatter little children-dreams.  
For some, the hourglass is out of sand. Time for us to take a stand.  
And Charlie's deepest, secret wishes, is someone to smother him with kisses.  
And squeeze and hug him tight, so tight, while he pretends to put up a fight.  
Or at least someone to be at home, who misses him, he's so alone.  
Who allows this child-forsaken land? Look in the mirror and take a stand.  
And on the Sabbath, when we pray, to Our God we often say.  
"Oh Jesus, Mohammed, Abraham, I come to better understand,  
How to learn to love and give, and live the life you taught to live."  
In faith we must join hand in hand. Suffer the children? Take the stand!

And tonight, some child will go to bed, no food, no place to lay their head.  
No hand to hold, no lap to sit, to give slobbery kisses, from slobbery lips.  
So you and I we must succeed, in this crusade, this holy deed.  
To say to the children in this land: Have hope. We're here. We take a stand!

Ms. Phillips continued her statement: I am here tonight to take a stand to ask you to please fully fund our budget. Thank you.

Mr. Joe Kilgore, 312 Gainsmill Lane, greeted the Vice Mayor, the Councilmembers, the City Manager, the City Attorney and the Clerk of Council. Mr. Kilgore read a quote from one of Diane Ravitch books which relates to this evenings topic:

"Reformers imagine that it is easy to create a successful school, but it is not. They imagine that the lessons of a successful school are obvious and can be easily transferred to other schools, just as one might take an industrial process or a new piece of machinery and install it in a new plant without error. But a school is successful for many reasons, including the personalities of its leader and teachers; the social interactions among them; the culture of the school; the students and their families; the way the school implements policies and programs dictated by the district, the state and the federal government; the quality of the school's curriculum and instruction; the resources of the school and the community; and many other factors. When a school is successful, it is hard to know which factor was most important or if it was a combination of factors."

Mr. Kilgore continued his statement. I read that quote because maintaining and improving schools is a very complex challenge and it is also a very delicate balance. I think from Chairman Brewer's presentation, you will see that we have tried as best we could to address that challenge. I firmly believe that as School Board members support this budget, I know Councilmembers want to see the best for the children in the City of Hampton. Because of that, I believe you also want to see the successes that we have maintained. All of us want to see our children strive for even more success. Therefore, I encourage the Council to support the School budget that we have proposed including the request for additional funds. Thank you.

Mr. Jim McNider, 808 Park Place, greeted the Vice Mayor, the members of Council, the City Manager and the City Attorney and made the following statement: I am president of the Hampton Educational Foundation which is a 501c3 organization comprised of business and community leaders. We operate as a supporting organization under the tax codes to bring a small additional amount of private funding and excitement on behalf of the community to address the teachers and the students and to do whatever we can on behalf of the business community to assist the Superintendent, her staff and the Hampton City School Board. We are here because we are concerned about the serious funding deficit that has occurred that has largely been made up but for \$1 million. One million dollars in the scheme of things is still a significant amount of money without which the students are going to go without. We are concerned about that and have brought you a resolution which we gave to the City Clerk and emailed to you this morning. We are here on behalf of the business leaders, the community leaders to say please do what you can to fully fund the budget; please come up with an additional \$1 million to acquire level funding relative to last year; and, if you have to, increase taxes. It would take a penny, but if you have to, our group is saying "yes". We are predominately Hampton tax

payers, so we would be paying this too. If you have to, then increase the tax rate in order to take care of the kids. Thank you.

A copy of the resolution is attached to the minutes.

Ms. Elizabeth McCoury, 4410 E. Clairborne Square, Suite 211, greeted the Vice Mayor, the members of Council, the City Manager and the City Attorney and made the following statement: It is my honor to serve as Executive Director of the Coliseum Central Business Improvement District. We represent over 650 business and property owners in a 1900 acre area. The City Manager did attend our Board meeting and our Board has reviewed the City Manager's Recommended Budget and we are in support. Thank you.

Mr. Hugh Bassette, 117 Rip Rap Road, made the following statement: I am speaking on behalf of the Old Northampton Community Organization. I have a three year (old) letter signed by Assistant City Manager James Peterson about curbs and gutters. This is my fifth year down here asking for the same thing. When Mr. Jesse Wallace was City Manager, they gave us a three stage Plan. Stage one was Quash Street which was mentioned earlier as if it is the only thing you will have to do in Northampton from now until the end of time. Phase two included Heffelfinger Avenue which is being worked on. We have been informed by staff that the last phase (the one I told you when you are finished, you will never hear me mention curbs and gutters again) is without funding. I've gone through the budget the last few days and there is no funding for phase three. We are asking once again that the commitment that you made to us back when Mr. Albert Simpson was alive be fulfilled. We don't want to get into a situation where we are pitted against other neighborhoods. Our question is when are we going to be finished with the curbs and gutters in our neighborhood? We would like to see money put in the budget for that. There is no money in the Capital Improvement Plan (CIP) for it. I'm not sure, but I think Ms. Bunting committed that this would be done. My only question is will it be done during my lifetime? Thank you.

Mr. Rajik Patel, 1717 Aspenwood Drive, greeted the Vice Mayor, the members of Council, the City Manager and the City Attorney and made the following statement: I'm a small business owner. I live in Hampton. I have several grocery store and convenience store businesses. I am here to talk about the cigarette tax that the City is planning to raise. Right now, we are already paying \$7.50 tax per carton versus Yorktown where there is no City tax imposed. We have already seen declining revenue for the cigarette business because the Yorktown cigarette tax is less. I've seen lately in Hampton and Newport News that tobacco stores are opening where customers can roll cigarettes and only pay \$20 per carton versus coming to my business and paying \$50 for the carton. The City is not getting money for rolling your own cigarettes. I think it is a wise idea to have some type of tax imposed on rolling your own cigarettes versus raising taxes on other businesses in Hampton. This is my concern. Thank you.

Mr. Jerry Patel, 2200 Mercury Blvd., greeted the Vice Mayor, the members of Council, the City Manager and the City Attorney and made the following statement: I own a few small businesses in the City of Hampton. I am here to oppose cigarette taxes because we are only a few miles away from Yorktown. Customers do not want to see an increase on cigarettes and will go to Yorktown to purchase cigarettes; and therefore, we will lose a lot of business. In this economy, businesses are real slow and we do not want any more increases in prices that will drive customers away. As prices go up, business goes down as well as net profit which will affect all small business owners. I

may have to lay off an employee and we do not want to see that. I urge Council to look into revenue somewhere else and try to leave cigarettes alone. Thank you.

Mr. Sanket Acharya, 344 Brout Drive, made the following statement: I moved from Chicago four years ago and bought a 7-11 at 900 Aberdeen Road on the corner of Briarfield Road and Aberdeen Road across from the main Post Office. I live in Hampton. I want to stay in Hampton. I love Hampton. There are a lot of good things in Hampton I have seen other than (what's in) Chicago. I'm against raising the taxes for cigarettes because this is increasing the price on the cigarettes. In my opinion, it is going to increase taxes. Day before yesterday, one of my friend's stores located on 4201 Mercury Boulevard was robbed. They took over \$4,000 in cigarettes. This is going to increase theft and crime, so we should leave the cigarettes alone. When I was going to other counties buying cigarettes for \$1.20, but now in Hampton, we are paying \$5.60 per pack which is a huge difference. There is already so much tax on a pack of cigarettes. He stated he needs to know why every year at budget time it is the cigarettes that are singled out for increased taxes. Thank you.

Vice Mayor Wallace called for additional speakers. There were four additional speakers.

Mr. Edwin Boone, 48 Snow Street, made the following statement: There is a new department that was created called Marketing Inc. which cost \$700,000. The new statue in downtown Hampton by the carousel cost \$200,000. There is \$900,000 for the closing of the Merrimack School. When Harbor Square was purchased, the business owners in downtown stated you could use that money to purchase Harbor Square. Now, the same business owners want to raise property taxes on citizens. There is a lot of money floating around for misconceived ideas and projects. Hampton has a lot of money. Business licenses even went up from \$30 to \$50. Ms. Bunting, I have overpaid taxes on my equipment for approximately 4 or 5 years. Last year, the amount was reduced \$120 from \$380 to \$260. I would like to have my refund on taxes that I overpaid. The 7,000 businesses with licenses in Hampton should also request how much money you overpaid and ask for your refund also. Hampton spends a lot of money on frivolous projects. The money is here. They should not cut the School budget. The money is there. They built two brand new schools, technically for \$35 million apiece. They paid someone \$5 million to supervise. Thirty-five plus thirty-five is seventy, plus the \$5 million to the supervisor. That is \$75 million for the two new schools. The project cost almost \$90 million. Hampton has the money; it is just leaving the City and used on frivolous projects. Thank you.

Ms. Phyllis Henry, 514 Stockton Street, made the following statement: My four year old grandson will begin school next year. I would like to think that his teacher is going to have some morale left after not getting paid anymore than they were paid, in fact, less than they were paid four years ago, and that is not going to change. I'd like my grandson not to have a 10% cut in supplies that those teachers need and a lot of other things that affect their morale like being able to have supervision in the cafeteria. You know we have cut everything we can cut and all of the cuts are painful. There are cuts involved that we have made commitments to parents with special programs. We don't want to do that, but, we are trying to protect classroom teachers and classroom programs. When we went through this 30 years ago, we cut Music and Physical Education out of our schools and it took us 20 years to get them back. It is very difficult to get things back when they are lost. It is going to be difficult to get staff back if they are lost. A lot of these little things that don't look like much in an item are one more blow to

staff morale. The money is tight and I know that we have a gentleman's agreement, but if you can come up with another \$1 million, it will help us a little bit to try to keep fighting for what we want for our children which is the very best program we can offer them. I know that is what you want and I know you have supported us. We've appreciated your support with the budget. The State has cut the percentage of money they give us, not just the amount that is gone because of taxes and revenues being lower. We appreciate that you have never done that, but if you can find the other \$1 million, it will help us a great deal. Thank you very much.

Councilman Kearney asked Ms. Henry if she was recommending Council enforce a one cent tax increase. Ms. Henry replied she did not know where Council would get the money from; however, as a taxpayer on a little old lady's fixed income, she would be willing to pay a one, two or three cent increase just as most people who responded to the citizen survey.

Mr. Johnnie Carroll, 3608 Victoria Boulevard, made the following statement: I am a citizen of the City of Hampton. I wish to speak to you about the number 13 in regards to our problem with the funding for schools. The 13th Amendment states that the U.S. Constitution outlaws slavery and involuntary service in the United States except as punishment for a crime. It seems as if we can find this money to build this wonderful courthouse, but for some odd reason, we can't take some forethought and ask "What about the kids, what about trying to prepare for their future, what about something beneficial to help them?" When we set them aside like that and they fall by the wayside, they fall into that horrible morass that we see constantly in the newspaper and on television every day – committing crime in order to live instead of having a better opportunity. When that happens, they go into that wonderful new courthouse, become incarcerated and become products of modern day slavery in our country. Private prisons like the new one in Lawrenceville are coming up. Who gets this money from our young men and women being incarcerated? Not me. It is going somewhere. My question is if we can spend so much on these projects then maybe we should take a few minutes to invest in our future before we don't have one. Thank you.

Mr. Chuck Nichols, no address given, President of Hampton Professional Firefighters Association Local 2450, greeted the members of Council and made the following statement: We stand tonight to support the City Manager's Recommended Budget. Thank you.

Vice Mayor Wallace called for any additional speakers who wished to address Council regarding the budget. As there were no additional speakers, he closed the Public Hearing.

Ms. Bunting reminded everyone about upcoming meetings. On May 2, 2012, there will be an afternoon work session as well as a Public Hearing that evening. Our final conversation on the budget will be held May 9th.

HELD PUBLIC HEARING - Fred Brewer, Chairman of the Hampton School Board introduced board members Phyllis Henry, Martha Mugler, Jennifer Phillips, and Joe Kilgore, and Dr. Linda Shifflette, Superintendent of Schools. He gave a presentation on the Hampton City Schools budget.

The following individuals also spoke on the budget:

Steven Brown spoke as Chairman of the Hampton-Newport News Community Services Board about their funding and the services they provide.

Alan Bourne spoke in opposition to an increase in the cigarette tax stating it harms local small businessmen by driving business out of Hampton and to York County.

Morgan Lang spoke on behalf of the Hampton Roads Sports Commission requesting that Hampton return as a regional partner.

Julia Templeman and Sharmae Stringfield spoke together on behalf of the Hampton Youth Commission and their budget priorities developed after a meeting with the City's Budget Director. They expressed concern about reduced library hours and funding for youth civic engagement.

Martha Mugler, Jennifer Phillips, Joe Kilgore and Phyllis Henry, members of the Hampton School Board, spoke in support of the Hampton City School's budget.

James S. McNider, III, President of the Hampton Educational Foundation, read their resolution dated April 24, 2012, endorsing an increase in the real estate tax rate if required to dedicate an additional \$1 million to the city's schools.

Elizabeth McCoury, Executive Director of the Coliseum Central Business Improvement District, spoke in support of the City Manager's recommended budget.

Hugh Bassette spoke on behalf of the Old Northampton Community Association and their need for phase three of their curb and gutter project.

Rajik Patel, Jerry Patel, and Sanket Acharya spoke in opposition to an increase in the cigarette tax.

Edwin Boone spoke about spending on a new city department and a statue that could have been used in other ways. He also requested a refund of overpaid taxes for business license tax.

Johnnie Carroll spoke about the need for funding for children's education and opposition to a new courthouse.

Chuck Nichols, President of the Hampton Professional Firefighters Association, stated they support the City Manager's recommended budget.

The meeting adjourned at 8:32 p.m.

\_\_\_\_\_  
Molly Joseph Ward  
Mayor

\_\_\_\_\_  
Katherine K. Glass, CMC  
Clerk of Council

Date approved by Council \_\_\_\_\_

## 2012-2013 Consolidated Annual Action Plan for Housing & Community Development



Hampton City Council  
Budget Public Hearing  
April 25, 2012

### Community Development Block Grant Program

- Primary objective is the development of viable urban communities by providing:
  - Decent housing,
  - A suitable living environment, and
  - Economic opportunity.
- Activities must meet one of three national objectives:
  - Benefit to low and moderate income persons,
  - Aid in the prevention of slums and blight, or
  - Meet an urgent need.

## Home Investment Partnership Program

- Primary objective is to:
  - Expand affordable housing,
  - Strengthen the ability of local governments to provide housing, and
  - Expand the capacity of non-profit community based housing development organizations.
- Matching Funds: 25% local match
- Non-Profit Participation: 15% set-aside for certified Community Housing Development Organizations.

## 2011-2015 Consolidated Plan Priorities

### Priority Needs

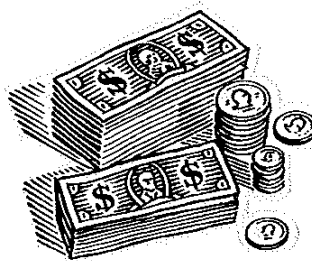
- ✦ Improve existing housing stock
- ✦ Homeownership incentives
- ✦ Affirmatively further fair housing
- ✦ Stabilize and revitalize neighborhoods

## Resources

### FY 2012-2013 CDBG and HOME Allocations (Estimated)

**Community Development Block  
Grant Program**  
**\$973,263**

**HOME Investment Partnership  
Program**  
**\$689,522**



### 2012-2013 CDBG and HOME Program Resources

Community Development Block Grant (CDBG) Program	\$973,263
Estimated CDBG Program Income	\$50,000
CDBG Revolving Loan Fund	\$55,000
HOME Investment Partnership Program	\$689,522
Estimated HOME Program Income	\$195,000
<b>Total Resources Available:</b>	<b>\$1,962,785</b>

### 2012-2013 CDBG Program Activities

### FY 2012-2013 Proposed CDBG Activities

1	Acquisition (HRHA)	\$170,370
2	Disposition (HRHA)	\$50,000
3	Housing Programs (HRHA)	\$125,000
4	Housing Services (HRHA)	\$235,000
5	Phoebus Improvement League (PIL)	\$36,000
6	Support Services to Neighborhood Center Programs (Parks & Recreation)	\$127,240

### FY 2012-2013 Proposed CDBG Activities

7	Community Development Planning & Grant Administration (Community Development)	\$194,653
8	Demolition (Community Development)	\$75,000
9	Contingency	\$10,000
<b>Total CDBG Activities:</b>		<b>\$1,023,263</b>

## FY 2012-2013 Proposed CDBG Activities

### CDBG Revolving Loan Fund:

10	Housing Acquisition/Rehabilitation (HRHA)	\$55,000
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<b>Total Revolving Loan Fund Activities:</b>		<b>\$55,000</b>
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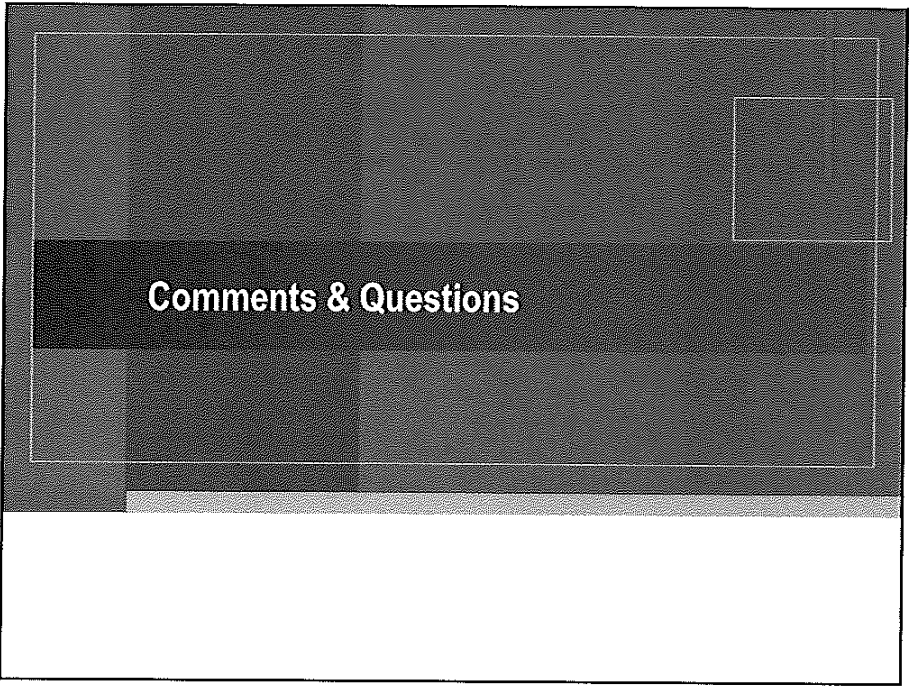
## 2012-2013 HOME Program Activities

### FY 2012-2013 Proposed HOME Activities (HRHA)

11	Homeowner Rehabilitation	\$100,000
12	Homebuyer Assistance	\$217,142
13	Acquisition/Rehabilitation	\$350,000
14	New Housing Construction	\$45,000
15	Community Housing Development Organizations Set-Aside (15%)	\$103,428
16	Administration (10%)	\$68,952
<b>Total HOME Activities:</b>		<b>\$884,522</b>

### CDBG & HOME Action Plan Schedule

March 26, 2012	Begin 30-Day Public Community Period
April 25, 2012	City Council Meeting Public Hearing End of Public Comment Period
May 2, 2012	City Council Action
May 11, 2012	Plan submitted to Department of Housing & Urban Development for review/approval



# 2012-13 School Board Adopted Budget

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April 25, 2012



## The Current Reality

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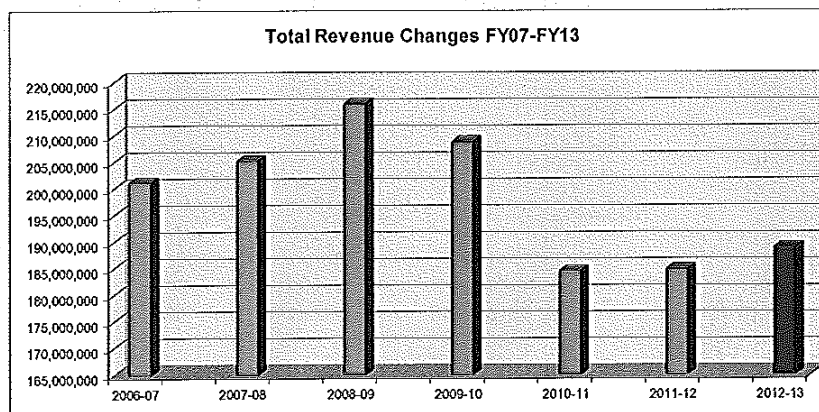
- Economic recovery is still slow
- Revenues increasing, but based on mandatory cost increases
  - Expenditures in the Virginia Retirement System (VRS) and Hampton Employees Retirement System (HERS) sharply increased
- Gradual increase in enrollment

## The Current Reality



- Past reductions mitigated by receipt of stimulus and Education Jobs Funds
  - Funding ends as of 9/30/12
- Revenue loss between FY09-FY12 in excess of \$31M
  - \$28M state revenue
  - \$3M local revenue

## 6 Year Revenue Trend



## The Current Reality



- Between FY09 and FY12 a reduction of 445 full time equivalent
  - 14.2% of our workforce
- Housing values continue to decline--negatively impacting local funding
- Struggles of last 3 years have left us with precious little left to cut

## Local Composite Index (LCI)

- LCI increases from .2690 to .2912 for FY13
  - Results in significant loss of revenue (\$3M/yr)

## VRS Employee 5% Share

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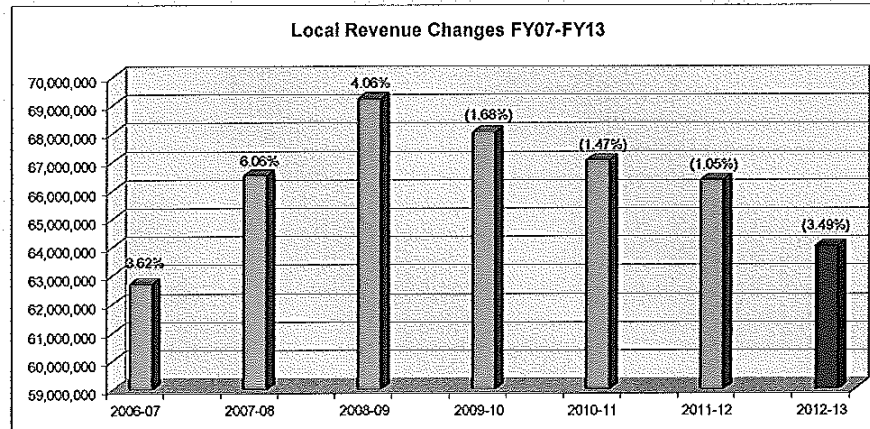
- Plan 2 employees
  - Required to pay their employee share beginning July 1, 2010
- Phase in for Plan 1
  - Choice of either full 5% or phasing in by full percentages over a maximum 5 years
  - Requires corresponding increase in salary to offset percentage increase
    - Full 5%--\$1,571,414
    - 1% per year--\$353,956 (first year)
- Plan 1 employees will begin paying 1% of VRS employee contribution in July 2012

## Local Contribution Formula

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- Local contribution based on funding formula
  - Driven by residential real estate tax collections
  - Receive 61.83% of all residential real estate, personal property and utility taxes
  - Assessments continue to decline
    - Average 6% drop in residential assessments
  - School division has the option to make a request for special funding in the form of a dedicated real estate tax increase
- Reduction of approximately 3.5% for FY13 (\$2.32M)

## 6 Year Revenue Trend



## FY13 Revenues

•Increase in VRS/GLI/RHCC rate of 6.04%:	\$ 3.38M
•Increase in Basic Aid based on student enrollment & PPA:	1.59M
•Increase in Special Ed SOQ based on student enrollment & PPA:	1.21M
•Increase in Federal/Misc Revenue:	1.11M
•Increase in Textbook Funding:	705K
•Net Increase in Lottery Payments:	443K
•Net Increase in Other Funding based on student enrollment & PPA:	153K
•Decrease in Sales Tax projections over FY12:	(168K)
•Loss of Hold Harmless/VP&SA:	(178K)
•Loss of Supplemental Support for School Operating Costs:	(1.95M)
•Decrease in Local Contribution:	(2.32M)
 •Total revenue increase to Operating Fund:	 \$ 3.98M

## Expenditure Increase

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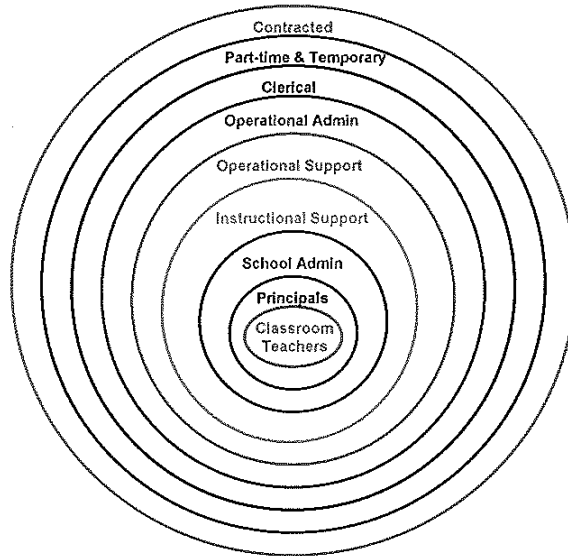
•Revenue Increase to Operating Fund:	\$ 3.98 M
Less:	
•Increase in VRS/GLI/RHCC rate of 6.04%:	\$ 6.74 M
•HERS increase:	2.00 M
•Attrition:	(1.83) M
•Total expenditure increase:	<u>6.91 M</u>
•Total Budget Gap:	<u>\$ (2.93) M</u>

## Process

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- Decision making models
  - Department, Activity, Program, Personnel, Initiative, & Facility (DAPPIF) Flowchart
  - DAPPIF decision making process model
  - HCS position decision process model
- MGT Efficiency Audit
  - Reviewed remaining recommendations for further action

## HCS Position Decision Process Model



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## Addressing our Budget

## Compensation

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- Budget proposal does not include a recommendation for salary increases (except as required for VRS mandate)

## Health Insurance

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- No increase in employee health insurance premiums
  - No plan design changes
  - No increases in co-pays
- A health insurance premium holiday will occur in November and December 2012\*

\*Based on experience rating of self insurance

## Staffing Formulas 2012-2013

Position	Level	Formula
Assistant Principal	Elementary Secondary	E=1 0-299 = 0 300-399 = .5 400 - 599 = 1 600-899 = 2 900-1799 = 3 1800+ = 4
School Counselors	Elementary Middle (SOQ)  High (SOQ)	E=1* Up to 400 = 1 1 per each additional 400, or major fraction thereof (round up to nearest .5) Up to 350 = 1 1 per each additional 350, or major fraction thereof (round up to nearest .5) *Except for combined grade level schools
Deans	High School	HS=2
School Nurse	PK-12	< 299 = .5 ≥ 300 = 1

## Staffing Formulas 2012-2013

Position	Level	Formula
IA	Elementary	K = 1
School Security Officers	Middle & High  Combined schools	0-499 = 0 500-999 = 2 1000-1199 = 3 1200+ = 4 ≥ 1,000 = 3 0-600 = 1 601+ = 2
Custodians	PK-12	1 FTE per 20,000 square feet +.5 FTE elementary +.75 middle school +1 high school
Librarians (SOQ)	Elementary  Middle & High	.5 FTE to 299 students 1 FTE at 300 students .5 FTE to 299 students 1 FTE at 300 students 2 FTE at 1000 students
Library Clerical (SOQ)	PK-12	1 at 750 students

## Staffing Formulas 2012-2013

Position	Level	Formula
Clerical	PK-12	0-250 = 1 250 - 599 = 1.5 600 - 999 = 2.5 1000+ = 3.5  Staffing Breakdown: .5 = PT Office Assistant (3 hours per day) 1 = Administrative Secretary III (AS III) 2 = 1 AS III, 1 Guidance Secretary (GS) 3 = 1 AS III, 1 GS, 1 AS II NOTE: Minimum staffing for HS and combined schools=2.5
Health Clerks	Middle & High	Up to 999 = .5 ≥ 1,000 = 1
Cafeteria Monitors	PK-5	up to 300 = 1 ≥ 301 = 2
	Middle School	Up to 599 = 1 ≥ 600 = 2
	Combined Schools staffed as elementary and middle grades separately	
Food Services (Fund 51)	PK-12	Staffing based on 17 meals per labor hour based on average # of meals served

\*Schools may be staffed outside of the staffing formula based on need

## Position Changes by HCS Position Decision Process Model, 2009-12

- Clerical--23.1%
- Operational Admin.--17.1%
- Operational Support--22.9%
- Instructional Support--27.8%
- School Admin.--13.1%
- Principals--21.1%
- \*Classroom Teachers--4.8%

\* Related to previous decline in enrollment

## What's In?

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- Level health insurance premiums for employees
- Health insurance premium holiday
- Additional positions:
  - 13 teachers\*
  - 2 Graduation Specialists
  - 5 kindergarten & 9 special ed Instructional Assistants\*
  - 5 School Security Officers\*
  - 2 Energy Specialists (at no cost to division)

\*Positions previously funded by Education Jobs Fund

## What's In?

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- Moton remains as a stand-alone facility
  - Includes Principal, 1.5 Clerical, 2 custodians, .5 Nurse
- Maintain class size
- Implement online benchmark testing
- Increase athletic fee to \$20/activity (Fund 94)
- Redesign of Alternative Ed services
- Maintain mandatory winter break shutdown for 12 month employees

## What's Out?

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- Merrimack closes as a result of school consolidation decision
- No funding of capital replacement plans
- Reduce unemployment insurance, sales tax contingency, fuel & utilities

## Potential Changes

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- Elementary & Middle School Instructional Leader supplement
- National Board Certified Teacher supplement
- Teacher contingency
- Cafeteria monitors
- HCS transportation to Cooper and Jones
- 10% instructional supply funding
- Employee share of group life insurance to employee (.71%)

## Summary of Budget Changes

as Adopted on March 28, 2012

FY12 Final Budget	\$184,891,473
VRS/RHCC increase	6,525,659
Group Life (Employer)	213,383
Attrition FY12 to FY13	(1,833,730)
Health Premium Holiday	(2,780,149)
.71% GLI to Employee	(757,507)
 FY13 Base	 \$186,259,129
Other Changes (Net)	2,614,828
 FY13 Budget	 \$188,873,957
Add: Level Local Contribution	2,318,485
<b>FY 13 Recommended Budget</b>	<b>\$191,192,442</b>

## Passage of Budget Bill by General Assembly, April 18

- Additional revenue of \$1,896,967\*
  - Mandated funds in Early Reading, K-3 Class Size Reduction, and Vocational Education
  - Remainder of \$1,291,315 revenue for assistance with "retirement, inflation, and preschool costs"
- Revised request to city--\$1M

\*Template received from VDOE, April 19

## Our Budget Journey, FY 09 - 12

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- We have
  - cut salaries
  - reduced benefits
  - limited spousal health insurance benefits
  - increased employee cost of insurance and made plan design changes
  - eliminated excess local match for Virginia Preschool Initiative

## Our Budget Journey

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- We have
  - decreased our workforce by 14.2% (445 FTE)
  - passed the 5% VRS employee share to Plan 2 employees
  - closed schools
  - increased class size
  - created staffing formulas
  - instituted a mandatory winter break shutdown

## Our Budget Journey

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- All of these changes are BEFORE the proposed FY13 reductions
- We remain committed to protecting our core business – teaching and learning

## Request

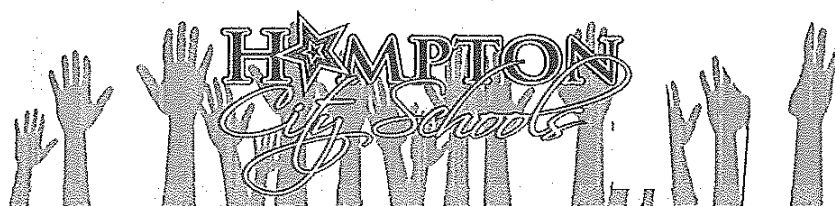
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- Utilize option to request additional funding from the city to offset the reduction in local contribution
- Request additional funding from the City-- \$1.0M

THE BEST EDUCATION  
FOR

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**EVERY CHILD  
EVERY DAY  
WHATEVER IT TAKES!**



# RESOLUTION

**WHEREAS**, the Hampton Educational Foundation is a section 501(c)(3) organization established in 2001 and operated by a volunteer Board of Directors, and

**WHEREAS**, the Foundation's purpose is to support Hampton City Schools in its efforts to prepare students to compete successfully in their chosen educational, career and life endeavors, and

**WHEREAS**, the Foundation provides specific support to classroom teachers in the form of grants for classroom supplies and innovative instruction, and

**WHEREAS**, the Foundation recognizes and celebrates the many successes of Hampton City Schools in spite of increasing pressures on fewer people to do more with less, and

**WHEREAS**, the Foundation received a report at its April Board of Directors meeting relative to the ongoing operation of Hampton's public schools, and unanimously passed this Resolution, and

**WHEREAS**, the Foundation is aware of the reductions to Hampton City Schools staffing and programming as the result of loss of federal, state and local funding since FY 09, and

**WHEREAS**, the Foundation recognizes the important role of our school division as an economic driver in our community, and

**WHEREAS**, the Foundation believes that continued community investment in our schools will ultimately result in increased property values and growth in businesses located in our community, thereby strengthening the economic vitality of Hampton, and

**WHEREAS**, the Foundation regrets the reduction of funds available through the local funding formula as the result of the decline of residential property values, and wishes to urge the Hampton City Council to resolve the funding gap, and

**NOW THEREFORE BE IT RESOLVED**, that the Hampton Educational Foundation requests FY 13 city funding of our school division be increased by \$1 million beyond that which is provided by the local funding formula, and

**BE IT FURTHER RESOLVED**, that the Hampton Educational Foundation endorses an increase in the real estate tax rate if required to dedicate the additional \$1 million to our schools.

*Signed this 24<sup>th</sup> day of April 2012*



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James S. McNider III, President  
Hampton Educational Foundation